CERTIFICATION

June 4, 2012

I, Bruce R. Ramge, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of

Report of Examination of Financial Condition

United of Omaha Life Insurance Company
as of

December 31, 2010

and is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.

DEPARTMENT OF INSURANCE STATE OF NEBRASKA SEAL

EQUALITY BEFORE THE LAW

Bruce R. Ramge

DIRECTOR OF INSURANCE

UNITED OF OMAHA LIFE INSURANCE COMPANY

Mutual of Omaha Plaza

Omaha, Nebraska 68175

Report of Association

Financial Condition Examination

as of

December 31, 2010

States Participating

Nebraska

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 0 4 2012

FILED

TABLE OF CONTENTS

Omaha, Nebraska
May 7, 2012

Honorable Joseph Torti, III
Chairman, Financial Condition (E) Committee, NAIC
Superintendent of Insurance & Banking
Rhode Island Division of Insurance
1511 Pontiac Avenue, Bldg #69-2
Cranston, Rhode Island 02920

Honorable John M. Huff
Chair, Midwestern Zone, NAIC
Director of Insurance
Missouri Department of Insurance
Fin. Institutions & Prof. Registration
PO Box 690
Jefferson City, Missouri 65102-0690

Honorable Bruce Ramge
Director of Insurance
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508

Sirs:

Pursuant to your instructions and authorizations, pursuant to Neb. Rev. Stat. §44-5904 (1), an Association Examination has been conducted of the financial condition and business affairs of the

UNITED OF OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, Nebraska 68175

(hereinafter also referred to as the "Company") and the report of such examination is respectfully presented herein.

INTRODUCTION

The Company, was last examined as of December 31, 2006, by the State of Nebraska, representing the Midwestern Zone, NAIC. The current financial condition examination covered the intervening period to and including the close of business on December 31, 2010, and incorporated such subsequent events and transactions as were deemed pertinent to this report. The State of Nebraska, representing the Midwestern Zone, NAIC, participated in this examination and the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's subsidiaries: Omaha Life Insurance Company, Omaha Reinsurance Company, and United World Life Insurance Company, and the Company's parent, Mutual of Omaha Insurance Company and its subsidiary, Omaha Insurance Company.

SCOPE OF EXAMINATION

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook and Section 44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. Its history was traced and has been set out in this report under the caption, "Description of Company". All items pertaining to management and control were reviewed, including provisions for disclosures of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the stockholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, elections of Directors and Officers, approval of investment transactions and authorizations of salaries were also noted.

The fidelity bond and other insurance coverage protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review is reflected in the financial section of this report under the caption "Body of Report".

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Description of Company". Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. Additionally, NAIC IRIS test results were reviewed for all years covered by this examination.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination included a review of work papers prepared by Deloitte & Touche LLP, the Company's independent auditors, in their examination of the

Company's accounts for the year ended December 31, 2010. The auditors' work papers were utilized to assist in determining the scope and areas of emphasis in conducting the examination. The aforementioned utilization of auditors' work papers was performed pursuant to Title 210 (Rules of Nebraska Department of Insurance), Chapter 56, Section 013.

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated under the laws of the State of Nebraska as a capital stock life insurance company in August 1926, and commenced business in November 1926. The Articles of Incorporation provide that the Company shall have perpetual existence.

On December 16, 1981, the Articles of Incorporation were amended changing the Company's name from United Benefit Life Insurance Company to its present form.

The Company is licensed to write life and accident & health (A&H) insurance in all fifty states within the United States, including the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands, and the British Virgin Islands.

The Company's current Certificate of Authority authorizes it to write Life, Variable Life Insurance, Variable Annuities and Sickness and Accident Insurance in the State of Nebraska pursuant to Neb. Rev. Stat. Section 201.

MANAGEMENT AND CONTROL

Holding Company

The Company, being a wholly-owned subsidiary of Mutual of Omaha Insurance Company (Mutual), is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing of active subsidiaries flowing from the "Ultimate Controlling Person", as reported in the 2010 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Mutual of Omaha Insurance Company
  - Continuum Worldwide Corporation
  - East Campus Realty, LLC
  - KFS Corporation
    - KFS BD, Inc.
    - KFS IA, Inc.
  - Mutual of Omaha Holdings, Inc.
    - Holdings Rowco, Inc.
    - Mutual of Omaha Investor Services, Inc.
    - Mutual of Omaha Marketing Corporation
    - Omaha Insurance Company
    - Retirement Marketing Solutions, Inc.
  - Omaha Financial Holdings, Inc.
    - Mutual of Omaha Bank
      - CondoCerts.com, Inc.
    - Mutual of Omaha LoanPro, L.L.C.
  - The Omaha Indemnity Company
  - United of Omaha Life Insurance Company
    - Companion Life Insurance Company
    - Fulcrum Growth Partners, LLC (80%)
    - Fulcrum Growth Partners III, LLC (80%)
    - Omaha Life Insurance Company
    - Omaha Reinsurance Company
    - UM Holdings, LLC
    - UM Holdings II, LLC
    - UM Holdings III, LLC
    - United World Life Insurance Company
- Mutual of Omaha Foundation

Shareholders

The Company's Restated Articles of Incorporation provides that, "the capital stock of the Company shall be Nine Million Dollars ($9,000,000), divided into Nine Hundred Thousand (900,000) Shares of the Par Value of Ten Dollars ($10) each". At December 31, 2010, Company records indicated that 900,000 shares were issued and outstanding, which were all owned by Mutual.

During the period covered by this examination, there has been no activity in the capital stock account with the balance remaining at $9,000,000. During 2007, the ownership of Fulcrum Growth Partners, LLC, with a book value of $109,834,471 was transferred to the Company from Mutual. This contribution increased gross paid in and contributed surplus to $472,558,051.

In 2008, the Company paid, to its lone shareholder and parent, Mutual, a dividend of $115,000,000.

The By-Laws provide for the annual meeting of the stockholders to be held in the month of March on a date and at a time and place to be determined by the Board of Directors.

Board of Directors

The Company's By-Laws state that, "the Board of Directors shall consist of not less than five nor more than twelve Directors. Not less than one of the Directors shall be a resident of Nebraska". The Board of Directors shall be elected at the annual meeting of the stockholders.

The following persons were serving as Directors at December 31, 2010:

Name and Residence	Principal Occupation
Robert Logan Clarke Houston, TX	Senior Partner, Bracewell & Guliani, LLP
Wayne Gary Gates Omaha, NE	President and Chief Executive Officer, Omaha Public Power District
Jeffrey Merwin Heller Dallas, TX	Former Vice Chairman, President and Chief Operations Officer, Electronic Data Systems
Derek Ray McClain Dallas, TX	Former Chief Financial Officer and General Counsel, Trammell Crow Company
James Gilbert McFarlane Santa Barbara, CA	Executive Vice President and West Region Chairman, Brokerage Services Division, Arthur J. Gallagher & Company
Paula Rae Meyer St. Ansgar, IA	Independent Financial Advisory Consultant
Richard Willard Mies Fairfax Station, VA	President and Chief Executive Officer, The Mies Group, Ltd.

Name and Residence	Principal Occupation
Daniel Paul Neary Omaha, NE	Chairman and Chief Executive Officer, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company
Anthony Joseph Principi St. Michaels, MD	Senior Vice President and Counselor to the Chairman and CEO, Pfizer, Inc.

Directors are elected for one-year terms and receive an annual retainer fee of $35,000. Non-employee committee chairs also receive an annual retainer fee of $2,500. In addition, the Lead Independent Director also receives an additional retainer of $5,000. Directors who are not employees receive an additional $1,000 per meeting attended. Directors who are not employees and are committee members also receive $1,000 per committee meeting attended. All "outside" Directors are reimbursed for expenses incurred while attending meetings. Directors who are employees do not receive any fees.

Officers

According to the Articles of Incorporation, the Officers of the Corporation shall consist of a Chairman of the Board of Directors, President, one or more Vice Presidents, Secretary, Treasurer, and such additional Officers with such functions and titles as may be authorized by resolution of the Board of Directors.

The following is a partial listing of senior Officers elected and serving the Company at December 31, 2010:

Name	Office
Daniel P. Neary	Chairman of the Board and Chief Executive Officer
Richard C. Anderl	Executive Vice President and General Counsel
James T. Blackledge	Executive Vice President
David A. Diamond	Executive Vice President, Chief Financial Officer and Treasurer
Michael E. Huss	Corporate Secretary
Daniel P. Martin	Executive Vice President
Madeline R. Rucker	Executive Vice President

Name	Office
Stacy A. Scholtz	Executive Vice President
Michael C. Weekly	Executive Vice President
Richard A. Witt	Executive Vice President and Chief Investment Officer

Committees of the Board

Committees appointed by the Board of Directors and serving at December 31, 2010, were as follows:

Audit Committee
Compensation and Evaluation Committee
Corporate Governance Committee
Executive Committee
Investment Committee

TRANSACTIONS WITH AFFILIATES

Mutual of Omaha Insurance Company (Mutual) and the Company occupy the same Home Office building and to a great extent the same service areas, service offices and sales offices. Because of this relationship, each company incurs joint operating expenses subject to allocation. In addition, similar facilities and services are provided to other entities within the Holding Company structure.

Regular operating expenses of the companies are paid through the Accounts Payable and Expense Accounting Department of Mutual. In general, these expenses are processed through an electronic allocation system maintained by the Budget and Expense Management Department. This system, through the use of cost centers, allocates operating expenses based on cost drivers such as number of employees, square footage utilized, number of transactions processed, etc., to redistribute operating expenses to product lines within each of the companies receiving the services.

Statistical bases or theories used in allocation formulas are developed by the Finance Operation's staff and reviewed by the companies' external auditors during their annual audit of the expense allocations.

Capital contributions were made to subsidiaries since the last financial examination. In 2009, the Company contributed $6,000,000 to United World Life Insurance Company. In 2010, the Company contributed $54,000,000 to Omaha Reinsurance Company.

The Company received a capital contribution of $109,834,471 from Mutual, in 2007.

The Company loaned funds to various affiliates since the last financial examination. In 2007 and 2008, the Company loaned $103,000,000 and $119,800,000, respectively to Mutual. In 2009, the Company loaned $204,450,000 to East Campus Realty, LLC. The Company loaned $52,173,296 and $53,173,296 to Omaha Financial Holdings, Inc., in 2009 and 2010, respectively.

In 2008, the Company paid dividends of $115,000,000 to Mutual.

The Company files a consolidated federal income tax return with its parent, Mutual, and its eligible subsidiary companies. Each company's provision for federal income tax expense is based on separate return calculations with credit for net operating losses allowed only as each company would utilize such losses on a separate return basis. Intercompany tax balances are settled within 45 days of the end of each calendar quarter.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in the District of Columbia, all states of the United States, Guam, Puerto Rico, the U.S. Virgin Islands and the British Virgin Islands.

The Company offers a diversified portfolio of individual and group life and annuity products, guaranteed interest contracts, individual Medicare Supplement and long-term care, and group accident and health products.

The Company's individual life and annuity products are sold through three primary distributions: Agency, Brokerage and Direct to Consumers (DTC). Agency, as of December 31, 2010, is composed of 1,551 independent contractor agents managed by 187 employee field managers. The 33 division offices in Agency Sales focus on using a needs-based sales methodology to identify customers' insurance and investment requirements and to provide solutions from United's portfolio of products and services. Brokerage distributes a wide range of insurance products through a national network of independent intermediaries. DTC sells and services insurance products that are either guaranteed issue or have simplified underwriting requirements. Customers can purchase policies directly by simply making a phone call, returning an application by mail or through the Internet.

In 2008, the Company began selling Medicare Supplement insurance. The Medicare Supplement business is sold through Agency, Brokerage, and DTC. In 2010, the Company entered into a reinsurance agreement with its subsidiary, Omaha Reinsurance Company (Omaha Re), to cede a portion of the term life reserves, with a resultant increase in surplus. This reinsurance agreement applied to certain term policies and riders issued between January 1, 2003 and September 30, 2009.

The Company's group operation markets both employer-sponsored and voluntary products, including dental, life, accidental death and dismemberment, and disability, through 23 local sales and service offices and seven satellite offices, as well as through company agents and insurance brokers. Group benefit payments are generally handled in the home office with the exception of short-term disability claims paid in a satellite claims processing center and dental claims administered by a third party.

Effective July 1, 2007, the Company sold its group health business in the Nebraska-Iowa markets to Coventry Health Plans, Inc. (Coventry). Group health plans in other markets were non-renewed. Employees, systems, and other assets supporting the business sold were transferred to Coventry as part of the transaction.

Effective July 1, 2010, the Company signed a coinsurance agreement and purchase agreement with HM Life Insurance Company (HM Life) related to its exit from group TPA stop loss business. Under the terms of the agreements, all policies were reinsured to HM Life until the policies were non-renewed at their next anniversary date.

The Company's Retirement Plans Division offers a complete line of guaranteed investment, stable value wrap agreements, and group annuity products for qualified retirement plans. In addition, the Company offers a product in the 401(k) market with a flexible product portfolio targeted to smaller businesses, funding agreements targeted to the institutional markets, and third party mutual fund distribution.

The Company and its parent, Mutual, generally use the same division offices and personnel, agencies and brokers.

REINSURANCE

Assumed from Affiliates –Life and Annuities

The Company has substantial assuming contracts with its subsidiary, Companion Life Insurance Company (Companion). The Company assumes all individual life and ADB that is written in excess of $100,000 up to the Company's retention.

Assumed from Non-Affiliates – Life and Annuities

The Company assumes direct and retroceded risks determined by use of a wheel system under two automatic and facultative-obligatory YRT agreements covering life and waiver of premium disability insurance not to exceed its retention. In addition, the Company participates in several pools under which direct and retrocession business is ceded by reinsurance companies on both an YRT and coinsurance basis.

Ceded to Affiliates – Life and Annuities

Effective April 1, 2010, the Company entered into a reinsurance agreement with its subsidiary, Omaha Reinsurance Company, under which it cedes all reserves for certain level premium term life insurance policies and riders issued between January 1, 2003 and September 30, 2009.

Ceded to Non-Affiliates – Life and Annuities

The Company has several automatic and/or facultative agreements in effect with several reinsurers on an YRT or Coinsurance basis.

In August 1998, the Company reinsured all level term products with face amounts greater than $250,000 in a 65% quota share coinsurance pool. The pool included the following reinsurers: Allianz, Employers Reassurance Corporation (Employers Re), Cologne Reinsurance Company (Cologne), Security Life of Denver Insurance Company (Security Life), and Lincoln National Life Insurance Company (Lincoln National). Pool reinsurers in later time periods also included Canada Life Assurance Company (Canada Life), Munich American Reassurance Company (Munich American), Reinsurance Group of America (RGA), Gerling Global, Swiss Re Life & Health America (Swiss Re), and Scottish Re. Minimum face amounts eligible for the pool as well as percentages retained and ceded were amended over time. The Company retains

100% of disability waiver of premium and accidental death benefit coverage. The coinsurance pool was terminated for new business on October 31, 2004.

Effective December 31, 2003, the Company ceded its variable life and variable annuity business to Security Benefit Life Insurance Company (Security Benefit) on a combination of indemnity reinsurance, coinsurance, and a modified coinsurance basis. The indemnity reinsurance covers 100% of policy liabilities; the 100% coinsurance covers general account reserves; and the 100% modified coinsurance covers policy account amounts. The agreement also provided for a transfer of assets from the Company to the Security Benefit. Included assets were: policy loans, premiums due, premiums deferred and uncollected, and premium adjustments. Any and all amounts, payments or consideration are included within the cash transferred. The agreement established a security trust to which Security Benefit agrees to deposit an amount not less than, or transfer assets whose market value is not less than, the general account reserves reinsured on a coinsurance basis, less adjustments to general account reserves and less the amount of outstanding policy loans. Along with the reinsurance agreement, Security Benefit administers the business reinsured and collects a monthly per policy fee from the Company for each policy in force that month.

Effective November 1, 2004, the Company reinsured all Priority Term plans in a combined quota share and yearly renewable term arrangement. Two reinsurers, Canada Life and Scottish Re, each assumed 25% of a 90% quota share arrangement, with Generali USA Life Reassurance Company (Generali) assuming all risk in excess of the Company's $750,000 retention on a life. This agreement was terminated for new business on October 16, 2005. The Company retains 100% of disability waiver of premium and accidental death benefit coverage.

Effective October 17, 2005, the Company reinsured all Priority Term plans with a yearly renewable term excess of loss reinsurance pool. The reinsurance pool members were: Canada

Life, Generali, Swiss Re, and Scottish Re. The Company's retention limit of $750,000 downgrades by age and risk. The Company retains 100% of disability waiver of premium and accidental death benefit coverage. The pool terminated to new business effective September 30, 2006.

Effective March 22, 2006, the Company reinsured certain Limited Underwritten Term plans with Transamerica Occidental Insurance Company (Transamerica) in a 90% quota share coinsurance agreement. The Company retains 10% of the face amount of each policy and cedes the remaining 90% to Transamerica. Policies must have a face greater than $50,000 to be ceded.

Effective October 1, 2006, all individual life policies in excess of the Company's retention were reinsured with Canada Life, Generali, Hannover Life Reassurance Co. of America (Hannover), and Swiss Re. The Company's retention was increased from $750,000 to $1,500,000 on an individual life with applicable downgrades, effective October 1, 2006. All fully underwritten individual life policies are covered in the reinsurance pool. The Company retains 100% of disability waiver of premium and accidental death benefit coverage.

Effective March 1, 2008, the Company reinsured all Term Life Express plans in a yearly renewable term, 50% quota share pool with the following reinsurers: Generali and Swiss Re. Generali assumes 40% and Swiss Re assumes 60% of the 50% quota share pool. The liability of the pool with respect to its 50% share of claims shall begin simultaneously with that of the Company.

Effective January 1, 2009, the Company reinsured all individual Universal Life and Level Term plans in a yearly renewable term, excess of loss pool with the following reinsurers: Generali, RGA, Swiss Re, and Hannover. The Company's retention limit of $1,500,000, per insured, downgrades by age and risk. Generali, RGA and Hannover each assume 20%, and Swiss Re assumes the remaining 40% of the excess losses.

Effective August 15, 2009, the Company reinsured all Joint Last Survivor Universal Life plans in an excess of loss pool with Hannover, RGA and Swiss Re. The Company's retention limit of $5,000,000 downgrades by age and risk. Hannover and RGA each assume 25% and Swiss Re assumes 50% of the losses in excess of the retention limit.

Ceded to Non-Affiliates -Disability, Accident and Health

Under the terms of a reinsurance agreement effective June 1, 1955, as amended July 1, 1957, the Company agreed to cede to Mutual of Omaha Insurance Company (Mutual) all individual and group accident and health writings. Mutual accepted 100% of the gross premium income received by the Company and indemnified the Company for its aggregate operating expenses, including claim payments, taxes and agency termination settlements, acquisition expenses, and compensation paid to agents on this business. The agreement terminated July 1, 2007.

Under the terms of a reinsurance agreement effective July 1, 2007, as amended June 1, 2009, the Company agreed to cede 100% of the individual long term care business issued on or after July 1, 2007, to its parent, Mutual.

Effective July 1, 2007, the Company cedes 100% of business in excess of $6,000 to a maximum of $25,000 gross monthly benefit to Munich Reinsurance America, Inc (Munich Re). Amounts over $25,000 are retained.

The Company and its affiliates, Mutual and Companion, cede group life and group accidental death and dismemberment business to ING RE (ING), effective October 1, 2007. The contract was novated from ING to RGA Reinsurance Company (RGA), effective September 1, 2010. Coverage for group life business is $3,000,000 excess of $500,000 per person. Coverage for group AD&D business is $2,000,000 excess of $500,000 per person.

Effective January 1, 2008, the Company along with its parent, Mutual, entered into an excess of loss agreement with Munich Reinsurance America, Inc. (Munich Re), covering group medical indemnity. Munich Re assumes excess liability which may accrue under Specific Stop-Loss Coverage. The Company's and Mutual's retention is $2,000,000, with Munich assuming the next $3,000,000 of liabilities for each covered person, each agreement year.

Effective August 15, 2009, the Company, along with its parent, Mutual, entered into a 50% quota share reinsurance agreement with Delta Dental of Arkansas (Delta), covering group dental business.

Effective January 1, 2010, the Company entered into an excess of loss agreement with ACE American Insurance Company (ACE), covering group medical stop-loss business issued by the Company after the effective date. The Company retains the first $2,000,000 for each injury or illness. ACE assumes excess of that amount up to $3,000,000 in the aggregate incurred within a twelve-month period. It was later amended, effective July 1, 2010, terminating the contract for new business effective October 1, 2010.

Effective July 1, 2010, the Company, along with its parent, Mutual, entered into a quota share reinsurance agreement with HM Life Insurance Company (HM), whereby the Company cedes 100% of stop-loss liabilities on a first dollar coinsurance basis. HM will assume all administrative duties and obligations with respect to stop-loss policies beginning January 1, 2011.

<u>General</u>

Several ceding or assuming agreements in the Company's reinsurance portfolio are on a run-off basis. All of the foregoing agreements contained appropriate insolvency clauses and termination provisions providing adequate notice of cancellation, as well as intermediary clauses as necessary. Also, the unauthorized reinsurers under the Nebraska statutes have been properly reported in Schedule S of the 2010 Annual Statement.

BODY OF REPORT

GROWTH

The following comparative data, which has been expressed in thousands, reflects the growth of the Company during the period covered by this examination:

(000 Omitted)

	2007	2008	2009	2010
Bonds	$ 9,198,214	$ 8,821,206	$ 9,088,694	$ 9,768,515
Admitted assets *	11,646,677	11,737,295	12,421,450	13,052,523
Total admitted assets	13,227,858	12,879,237	14,037,295	15,119,798
Aggregate life reserves	7,676,105	7,692,209	8,222,697	8,412,068
Liabilities *	10,288,617	10,541,023	11,176,311	11,842,344
Total liabilities	11,869,798	11,682,965	12,792,156	13,909,619
Unassigned surplus	876,502	714,714	725,361	685,974
Policyholder surplus	1,349,060	1,187,272	1,236,139	1,201,179
Premium income	1,465,034	1,854,013	2,416,311	2,441,250
Net investment income	685,727	638,309	671,145	681,183
Net income	88,640	(69,569)	(5,248)	(110,516)
Life insurance in force	195,081,469	205,227,121	207,564,742	224,339,025

* Excludes Separate Accounts business.

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Company at December 31, 2010, and its transactions during the year 2010, as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2010

	Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 9,768,515,018		$ 9,768,515,018
Preferred stocks	23,067,000		23,067,000
Common stocks	155,365,035		155,365,035
Mortgage loans	1,686,647,273		1,686,647,273
Real estate	60,042,007		60,042,007
Cash, cash equivalents and short-term investments	110,620,428		110,620,428
Contract loans	177,618,506	$ 140,304	177,478,202
Derivatives	2,782,516		2,782,516
Other invested assets	382,198,763		382,198,763
Receivable for securities	3,223,851		3,223,851
Securities lending reinvested	173,509,727		173,509,727
Cash and invested assets	$12,543,590,124	$ 140,304	$12,543,449,820
Investment income due and accrued	97,645,556	115,700	97,529,856
Uncollected premiums	42,023,139	2,293,441	39,729,698
Deferred premiums	206,584,542		206,584,542
Amounts recoverable from reinsurers	12,049,088		12,049,088
Funds held by or deposited with reinsured companies	30,722,087		30,722,087
Other amounts receivable under reinsurance contracts	922,024		922,024
Current federal and foreign income tax	17,421,193		17,421,193
Net deferred tax asset	227,570,256	141,412,221	86,158,035
Guaranty funds receivable	1,468,510		1,468,510
Furniture and equipment	472,742	472,742	
Other amounts receivable	2,000,612	2,000,612	
Suspense items – allocation	52,460,265	47,570,131	4,890,134
Other assets	1,912,269	40,645	1,871,624
Premium in course of collection	162,946	162,946	
Amounts due from non-affiliates	10,431,063	704,886	9,726,177
Total assets excluding separate accounts	$13,247,436,416	$194,913,628	$13,052,522,788
From Separate Accounts Statement *	2,067,275,620		2,067,275,620
Totals	$15,314,712,036	$194,913,628	$15,119,798,408

* Separate Accounts Statement included as an addendum to this report

Liabilities, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$ 8,412,068,311
Aggregate reserve for accident and health contracts	349,468,634
Liability for deposit-type contracts	1,869,680,255
Life policy and contract claims	117,972,937
Accident and health contract claims	155,919,567
Dividends apportioned for payment	2,103
Dividends not yet apportioned	14,125
Premiums received in advance	52,465,114
Provision for experience rating refunds	3,449,007
Interest maintenance reserve	24,307,494
Commissions to agents due or accrued-life	19,233,714
Commissions and expense allowances payable on reinsurance assumed	383,081
General expenses due or accrued	18,482,176
Transfers to Separate Accounts due or accrued	(1,380,885)
Taxes, licenses and fees due or accrued	13,418,492
Unearned investment income	4,558,712
Amounts withheld or retained by company	107,950,370
Amounts held for agents' account	35,008,114
Remittances and items not allocated	54,471,094
Borrowed money	146,000,000
Asset valuation reserve	110,444,696
Reinsurance in unauthorized companies	15,617
Funds held under reinsurance treaties with unauthorized reinsurers	318,284
Payable to parent, subsidiaries and affiliates	23,782,617
Drafts outstanding	40,158,013
Funds held under coinsurance	92,725,382
Derivatives	5,656,085
Payable for securities	2,870,991
Payable securities lending	173,509,727
Amount due from non-affiliates	313,839
Abandoned property	9,035,509
Provision for re-rating credit and group special reserve	40,395
Total liabilities excluding Separate Accounts business	$11,842,343,569
From Separate Accounts Statement *	2,067,275,620
Total liabilities	$13,909,619,189
Common capital stock	$ 9,000,000
Gross paid in and contributed surplus	472,558,051
Increase in admitted DTA	42,647,322
Unassigned funds (surplus)	685,973,846
Total capital and surplus	$ 1,210,179,219
Total	$15,119,798,408

* Separate Accounts Statement included as an addendum to this report.

SUMMARY OF OPERATIONS - 2010

Premiums and annuity considerations	$2,441,249,645
Considerations for supplementary contracts with life contingencies	6,751,842
Net investment income	681,183,211
Amortization of interest maintenance reserve	3,563,631
Commissions and expense allowances on reinsurance ceded	24,414,651
Income from fees from Separate Accounts	13,916,366
Charges and fees for deposit-type contracts	1,058,550
Sundry receipts	40,776,026
Total	$3,212,913,922
Death benefits	$ 637,116,003
Matured endowments	2,114,810
Annuity benefits	465,299,534
Disability benefits and benefits under accident and health contracts	631,447,705
Surrender benefits and other fund withdrawals	245,996,839
Interest on policy or contract funds	55,764,509
Payments on supplementary contracts with life contingencies	2,951,891
Increase in aggregate reserves for life and accident and health contracts	278,897,049
Total	$2,319,588,340
Commissions on premiums and annuity considerations	$ 343,845,691
Commissions and expense allowances on reinsurance assumed	1,373,492
General insurance expenses	549,694,351
Insurance taxes, licenses and fees	57,702,931
Increase in loading on deferred and uncollected premiums	38,552,766
Interest on funds withheld from reinsures	3,164,837
Agents' terminal agreement	830,440
Other miscellaneous deductions	1,104,135
Total	$3,315,856,983
Net gain from operations before dividends, federal income taxes and net realized capital gains	$ (102,943,061)
Dividends to policyholders	14,857
Federal income taxes incurred	(10,073,627)
Net realized capital gains or (losses)	(17,632,120)
Net income	$ (110,516,411)

CAPITAL & SURPLUS ACCOUNT

(000 Omitted)

	2007	2008	2009	2010
Capital and surplus, beginning	$1,219,902	$1,358,060	$1,196,272	$1,245,139
Net income	$ 88,640	$ (69,569)	$ (5,248)	$ (110,516)
Change in net unrealized capital gains or (losses)	(6,992)	18,872	(6,121)	(26,079)
Change in net unrealized foreign exchange capital gain	2,459	2,589	(3,155)	196
Change in net deferred income tax	(23,940)	30,465	(28,165)	30,109
Change in non-admitted assets	(7,621)	(12,172)	8,890	(44,106)
Change in liability for reinsurance in unauthorized companies				(16)
Change in reserve in account of change in valuation basis			31,292	33,728
Change in asset valuation reserve	(25,254)	(15,257)	10,557	(42,362)
Change in accounting principles			7,334	
Surplus adjustment- Paid in	109,834			
Change in surplus as a result of reinsurance	(2,814)	(1,717)		130,742
Dividends to stockholders		(115,000)		
Prior year adjustments	3,845		(4,737)	
Other tax adjustments				
Changes in loading deferred premium asset			38,220	4,427
				(11,083)
Net change for the year	$ 138,158	$ (161,788)	$ 48,867	$ (34,960)
Capital and surplus, ending	$1,358,060	$1,196,272	$1,245,139	$1,210,179

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $685,973,846, as reported in the Company's 2010 Annual Statement, has been accepted for purposes of this report. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

No recommendations were made as a result of the previous examination.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Investments – Custodial Agreements

During review of the custodial agreements, it was noted that the Company's agreement with FHLBank of Topeka was not in compliance with all of the provisions of Title 210, Chapter 81 of the Nebraska Department of Insurance Rules and Regulations, in particular 003.02(e), 003.02(f), 003.02(g)(i), 003.02(g)(ii), 003.02(h), 003.02(j), and 003.02(o). It is recommended that the Company revise its custodial agreement to include all provisions related to safeguards and controls of securities pursuant to Title 210 (Nebraska Department of Insurance Rules and Regulations), Chapter 81.

Form D Filings

During review of related party activities, it was noted that the Company had three loans in 2010 that exceeded the threshold amount established in Title 210 Chapter 24, which states "no notice need be given if the maximum amount which can at any time be outstanding or for which the insurer can be legally obligated under the loan, extension of credit or guarantee is less than (b) in the case of life insurer, 3% of the insurer's admitted assets, each as of the 31st day of December next preceding". This issue was discussed with the Company and there was a misunderstanding concerning which party the 3% applied to, the lender or the borrower. The Company has since implemented new Form D filing procedures in 2011 where if the 3% threshold is met by either the borrower or the lender, it will be reported in the Form D filing.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. **Investments – Custodial Agreements** – It is recommended that the Company revise its custodial agreement with the custodian holding securities on its behalf to include all provisions related to safeguards and controls of securities pursuant to Title 210 (Nebraska Department of Insurance Rules and Regulations), Chapter 81.

2. **Form D Filings** – It was noted that subsequent to the examination date, the Company had implemented new Form D filing procedures. It is recommended that the Company file its Form D in compliance with Title 210 (Nebraska Department of Insurance Rules and Regulations), Chapter 24.

ACKNOWLEDGEMENT

The courtesy and cooperation extended by the Officers and employees of the Company is hereby acknowledged.

In addition to the undersigned, Bob Gardner, CFE, Linda Scholl, CFE, Wade Fleischacker, Elizabeth Hofker, Erin Marsh, Kim Shannon, Emily Turek, Financial Examiners; Gary Evans, CFE, CISA, AES, Information Systems Specialist; and Daniel Eckstein, ASA, CIE, Actuarial Examiner, all with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Isaak Russell, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska
Representing Midwestern Zone, NAIC

ADDENDUM

SEPARATE ACCOUNT BUSINESS

In conformity with statutory provisions required by Sections 44-402.01 to 44-402.05 and 44-2210 to 44-2214 of the Nebraska Insurance Code, the Company's Board of Directors has on various dates approved pertinent resolutions regarding the establishment and management of separate accounts for annuities and life insurance products. Certified copies of the initial Board resolutions have been filed with the Nebraska Department of Insurance.

As of December 31, 2010, the Company's separate account business consisted of thirteen funds. The Variable Universal Life and Variable Annuity funds offer individual contracts while the remaining eleven funds are offered under group contracts. Of these thirteen funds, only the following four had active balances as of December 31, 2010: Vanguard Institutional Index-Fund II, Variable Universal Life Fund B, Variable Annuity Fund C, and 401k Fund K. Group products must be from qualified funds while Individual products can be qualified or nonqualified. The Company is actively marketing group Fund K products. Other group funds are available but not actively marketed.

The following statement shows the financial condition of the separate account business during the examination period:

COMPARATIVE FINANCIAL STATEMENT

SEPARATE ACCOUNT BUSINESS

	2007	2008	2009	2010
Assets				
Common stocks	$1,573,862,817	$1,078,888,232	$1,606,071,619	$2,050,172,054
Short-term investments	6,689,957	62,559,746	9,219,156	15,604,815
Investment income due and accrued	627,839	494,457	554,105	1,498,748
Receivable for securities			57	3
Total assets	$1,581,180,413	$1,141,942,435	$1,615,844,937	$2,067,275,620
Liabilities and Surplus				
Aggregate reserve for life and annuity contracts	$ 359,636,438	$ 184,639,466	$ 199,358,652	$ 187,995,356
Liability for deposit-type contracts	1,208,044,021	949,472,044	1,407,417,738	1,868,290,993
Charges for investment management, administration and contract guarantees due or accrued	799,695	697,969	1,018,523	1,380,886
Other transfers to general account due and accrued	11,454,349	6,523,583	5,310,335	3,486,056
Payable for securities	1,245,910	609,373	2,739,689	6,122,329
Total liabilities	$1,581,180,413	$1,141,942,435	$1,615,844,937	$2,067,275,620
Surplus	$ 0	$ 0	$ 0	$ 0
Total	$1,581,180,413	$1,141,942,435	$1,615,844,937	$2,067,275,620

State of Nebraska,

County of Lancaster,

ISAAK RUSSELL, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of United of Omaha Life Insurance Company (United)

2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of United was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Examiner-in-Charge's Signature

Subscribed and sworn before me by Isaak Russell on this 5th day of June, 2012.

(SEAL)

Notary Public

GENERAL NOTARY - State of Nebraska
PEGGY JASA
My Comm. Exp. April 27, 2013

My commission expires 4-27-13 [date].